Maggie Wilderotter - *Citizens Communications Co. - Chairman and CEO*

Right. And it's still -- the gross add issue is still [fox]. We have, as I've mentioned in the past, a number of initiatives that we've done to improve our gross adds. I think the good news is we've made some progress there. We are not seeing the decline in gross adds like we did last year, so we're sort of holding our own. We have yet, I think, to gain and make up for the differences that we'd like to see in terms of growing gross adds on access lines, but we're not losing anymore of that share which is a good news story, and we're going to stay the course on a number of those initiatives and we think as they have more time in the marketplace, it will be helpful to us overall.

David Barden - *Banc of America Securities - Analyst*

Thanks a bunch.

Don Shassian - *Citizens Communications Co. - CFO*

Thanks, David. Let me -- also, Simon Flannery asked a question earlier that I -- let me clarify my answer. Simon asked about the timing of doing stock buybacks and debt repayments. I misspoke. Stock buybacks, we can get back in to do after the Commonwealth shareholder vote, assuming there's no other information regarding it to be disclosed so the shareholder vote is sort of the key trigger there. The debt repayments, et cetera, buybacks in the market, et cetera, is after the S-4. Sorry for the confusion. Operator, one more question, please.

Operator

Mike McCormack, Bear Stearns.

Mike McCormack - *Bear Stearns - Analyst*

Thanks. Hi, guys.

Don Shassian - *Citizens Communications Co. - CFO*

Hi, Mike.

Mike McCormack - *Bear Stearns - Analyst*

Just -- I guess we'll beat the horse one more time before the call ends. I mean, you guys have been in this business a long time. In the history of telecom we things are given for free, it tends not to be too favorable and I'm just looking at the puts and takes on margin sustainability. I mean, it seems to me like irrespective of how much the PC costs, the install times could actually be a more significant factor, and on the TV deal, I understand that's a contra revenue that's going to offset -- the DSL ad will theoretically offset the revenue side, but I assume that you're getting a big hit then on DSL profitability. So if you could walk us through sort of the puts and takes on how margin is sustained in that environment? And then secondly, have you given thought to -- I understand share gains versus competitors in the high speed data market -- using capital instead of operating expense to either innovate products or increase fees, et cetera, to have the ability to sell maybe at a higher tiered, higher priced product? Thanks.

Maggie Wilderotter - *Citizens Communications Co. - Chairman and CEO*

Let me start on the install time. Just to give you a sense, Mike, we are seeing no change, no material change at all in install times on these PCs, and we've already installed several thousand of them nationwide. PCs are very easy to install these days. Most people go to a retail store, buy a PC, come home and they hook it up themselves. We believe by offering the service to actually hook that PC up for the customer in addition to doing the high speed install is just a value-added service that we can do. But we've also found that a lot of people have already taken it out of the box and installed it themselves when we get there, and then we simply check it out and load the software, so we are not seeing anything material on the install side.

Don Shassian - *Citizens Communications Co. - CFO*

And the -- point blank, Mike, we're not seeing -- we're not having incremental cash out to do these installs. So it's utilizing our existing workforce and proper scheduling and slipping of the needle or service commitments, so things have been rolling out as we've been doing our campaigns, it's enabled us to maintain the productivity of our field force so we're doing a great job.

Mike McCormack - *Bear Stearns - Analyst*

I guess the concern is any time you tend to enter a consumers home, things don't ever go as smoothly as you hoped, but it seems like your early experience is better than that.

Maggie Wilderotter - *Citizens Communications Co. - Chairman and CEO*

And remember, we've been doing full installs in our markets for two years, so except for Rochester where we're probably at 60 to 70% full install, every market in the United States, when we -- when we put in high speed internet, we roll a truck to that house. And we've been doing that since day one because it's important for us that that first experience a customer has is a good one. And if you'll recall, when we transitioned to full installs, we did not add one headcount to do that in our technician force. And part of it is we've really worked with our techs nationwide to put a universal tech concept in place, so our technicians are very well versed and very capable and very experienced and they've done a great job of doing this effectively with high productivity.

Don Shassian - *Citizens Communications Co. - CFO*

And Mike, on the free PC, let me make sure that you understand, this offer is being made to new HSI customers, not for existing customers.

Mike McCormack - *Bear Stearns - Analyst*

Right.

Don Shassian - *Citizens Communications Co. - CFO*

So we're trying to find ways to incent customers who don't necessarily have a PC to become more familiar with it, and we think by our tech being there and hand-holding will help them become more familiar with the technology. So that's one group we're trying to target, and likewise we're trying to incent people maybe with a competitor. We're trying to incent them to come with us and again hand-holding and the like that would demonstrate the value we provide from install through the services to the quality of the product, and we think it's a very compelling process. The pay back is very clear. It's a two year contract and to us that's very important. We'll make a committment to the customer. We want them to make a committment to us, and so we don't think we're upping the ante here. We're just thinking we're finding more unique ways to reach the customer base while keeping our basic product price where it is, which we think is very valuable.

Maggie Wilderotter - *Citizens Communications Co. - Chairman and CEO*

We also have a contract termination fee in place that we've made a higher amount for the free PC offer for the customers that actually take that offer.

Don Shassian - *Citizens Communications Co. - CFO*

Thanks, Mike.

Mike McCormack - *Bear Stearns - Analyst*

Thank you.

Operator

At this time, I'd like to turn the conference back over to Maggie Wilderotter for any additional or closing remarks.

Maggie Wilderotter - *Citizens Communications Co. - Chairman and CEO*

Thanks, Sheila. Well, again, I want to thank you all for joining us for the conference call. As I think Don mentioned earlier, we are very excited about the opportunities for this business. We're continuing to drive and change the paradigm to a full service communications company, and I think that you will continue to hear more from us on our next call on a number of these offers which have stimulated a lot of great discussion, in addition to our progress that we're making on Commonwealth. So thanks again for joining us.

Operator

And that does conclude today's presentation. We thank you for your participation and you may disconnect at this time.

Exhibit C

FINAL TRANSCRIPT

Thomson StreetEvents

CTCO - Q3 2006 Commonwealth Telephone Enterprises, Inc. Earnings Conference Call

Event Date/Time: Nov. 07. 2006 / 9:00AM ET

CORPORATE PARTICIPANTS

David Weselcouch
Commonwealth Telephone Enterprises, Inc. - SVP of IR and Corporate Communications

Mike Mahoney
Commonwealth Telephone Enterprises, Inc. - President and CEO

Don Cawley
Commonwealth Telephone Enterprises, Inc. - EVP, CAO and Principal Financial Officer

Eileen Odum
Commonwealth Telephone Enterprises, Inc. - EVP and COO

CONFERENCE CALL PARTICIPANTS

Jonathan Chaplin
J.P.Morgan - Analyst

Simon Flannery
Morgan Stanley - Analyst

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Commonwealth Telephone Enterprises 2006 Third Quarter Earnings Conference Call. My name is Meredith and I will be your conference facilitator today.

[OPERATOR INSTRUCTIONS]

Today's call is presented by Mr. Michael J. Mahoney, President and CEO. Following Mr. Mahoney's remarks, there will be a question and answer session. Commonwealth Telephone Enterprises requests that questioners be restricted only to members of the institutional investment community.

As a reminder, this call is being recorded.

I would now like to introduce your moderator for today's conference, Mr. David Weselcouch. Please go ahead, sir.

David Weselcouch - *Commonwealth Telephone Enterprises, Inc. - SVP of IR and Corporate Communications*

Thank you, Meredith.

Good morning. I'm David Weselcouch, Senior Vice President of Investor Relations for Commonwealth Telephone Enterprises, and I'd like to welcome you to our 2006 third quarter results conference call.

With me this morning are Mike Mahoney, CTE's President and Chief Executive Officer; Eileen O'Neill Odum, Executive Vice President and Chief Operating Officer; and Don Cawley, Executive Vice President and Chief Accounting Officer.

The format for today's call will be as follows. First, Mike Mahoney will comment on our third quarter performance, our capitalization, and the status of various regulatory filings in connection with our transaction with Citizens Communications. Then, Don Cawley will comment specifically on our third quarter EPS results. Following Don, Eileen Odum will review our access line results and

DSL performance, as well as our revenue results in the quarter. After that, Mike will return to review our 2006 guidance. And finally, we'll open the call up to your questions. This morning's call is scheduled to conclude at around 9:30.

Before I turn the call over to Mike, let me briefly state our Safe Harbor disclaimer. The Private Securities Litigation Reform Act of 1995 provides a Safe Harbor for forward-looking statements. Certain information that will be discussed on this conference call is forward-looking. Such forward-looking information involves important risks and uncertainties that could significantly affect results expressed in any forward-looking statements made in this conference call. For a discussion of these risks and uncertainties, I refer you to this morning's earnings release and our previous Securities and Exchange Commission filings.

At this time, I'd like to turn the call over to our President and CEO, Mike Mahoney.

Mike Mahoney - *Commonwealth Telephone Enterprises, Inc. - President and CEO*

Thank you, David.

Good morning, everyone. I'd like to welcome those of you participating on this call via teleconference, as well as those of you joining us via our live Internet broadcast.

Our earnings release was distributed on the National Wire, FirstCall, and via our email distribution list this morning. Hopefully, you've had a chance to review it.

I am pleased to report to you that we have completed another solid quarter. As you know, we reported diluted earnings per share of $0.72, which included certain non-operating items which Don will review in a moment. After adjusting for the $0.06 per share net favorable effect of these items, our third quarter diluted EPS was above the high end of our previous guidance, and the FirstCall mean of $0.62.

Our positive third quarter EPS performance resulted from strong performance at Commonwealth Telephone Company, lower than expected corporate expenses, depreciation and amortization expense, and slightly lower than anticipated net interest expense. Don will discuss the comparison of our EPS performance against last year's third quarter in a moment.

The important messages regarding our third quarter are as follows. First, we continue to produce steady and consistent overall operational and financial results, on track with our plans for the quarter and the year.

Second, we continued to achieve strong DSL results, growing our consolidated subscriber base by 57% versus last year. At Commonwealth Telephone we added a record 13,387 net new DSL subscribers over the past year, a figure that was over 55% greater than the additional line decline that CT experienced in the same period. At CTSI, we added 1,575 net new DSL subscribers, its highest 12-month total ever, reflecting a growth rate of 46%.

The third key message is that we mitigated the loss of ISP lines at CTSI by again achieving 5% growth in our general business lines. In fact, CTSI achieved its highest general business access line growth in over two years. And CTSI coupled this line growth with 6% general business revenue growth versus last year.

And finally, we continue to have a sound balance sheet and strong cash position.

As a result of our solid 2006 third quarter performance, we will be raising our '06 full-year EPS guidance today, which I will cover with you in a few minutes. Overall, we completed a good third quarter and we are well-positioned, both operationally and financially, as we move forward in the fourth quarter.

Now, let me comment briefly on certain capitalization items, beginning with our dividend. We paid a $0.50 per share quarterly dividend on September 29th to shareholders of record on September 15th, reflecting our decision to pay our sixth consecutive quarterly dividend in connection with our dividend plan which was announced in May of 2005. It is our intention, subject to declaration by our Board of Directors, to continue to pay our quarterly dividend up to the closing of our September 18th announced transaction with Citizens Communications Company.

I'd like to comment briefly on our cash position and our balance sheet strength. We ended the third quarter with $108 million of cash. Our debt of $335 million, net of this $108 million of cash, was $227 million at the end of the third quarter. And as a result, our leverage remained modest at quarter end, and we continue to be in a strong and flexible position in terms of our cash and our balance sheet.

Finally, let me take a moment to update you with regard to the regulatory and shareholder approvals that we are seeking in connection with our pending acquisition by Citizens Communications.

As you know, the transaction was announced on September 18th. We made our Hart-Scott-Rodino, FCC, and Pennsylvania PUC filings with the appropriate regulatory agencies on September 29th. On October 6th we received notification that the Federal Trade Commission had granted early termination of the HSR waiting period.

With regard to the status of our FCC and PA PUC filings, we are making good progress on all fronts and, subject to shareholder approval, continue to expect that the transaction will close in mid-2007.

With regard to CTE shareholder approval of our transaction, we are close to filing with the SEC our proxy statement to be sent to our shareholders in connection with our shareholder meeting to consider approving our acquisition by Citizens. Since the timing of the SEC review cannot be predicted, we are unable to estimate when we will mail proxies to our shareholders and schedule the CTE shareholder meeting for consideration of our transaction.

I'll be back to review our 2006 guidance in a few minutes. At this time, I'll turn the call over to Don for some brief comments regarding our third quarter EPS performance. Don?

Don Cawley - *Commonwealth Telephone Enterprises, Inc. - EVP, CAO and Principal Financial Officer*

Thanks, Mike.

This morning I'll briefly review our reported earnings per share in the third quarter, versus last year's reported third quarter earnings per share.

As you know from our earnings release this morning, our 2006 third quarter reported diluted earnings per share was $0.72. This third quarter reported diluted earnings per share figure of $0.72 compares to a reported diluted earnings per share figure of $0.62 in the 2005 third quarter. Let me take a moment to provide some insight into these reported EPS figures.

First, included in the 2006 third quarter reported diluted earnings per share figure of $0.72 is a $0.15 favorable effect resulting from a July 8th, 2006 change in the Commonwealth of Pennsylvania tax law. You may recall that I alerted you to this item on our last call. The change primarily increased the annual allowable net operating loss deduction. This non-cash item was recorded on the Provision for Income Taxes line of our consolidated statement of operations.

We also reported an $0.08 unfavorable EPS effect in the third quarter resulted to advisory, legal and other fees in connection with the September 18th 2006 announcement of CTE's agreement to be acquired by Citizens Communications Company. These cash expenses were recorded on a separate line entitled Strategic Alternatives on our consolidated statement of operations.

And lastly, our 2006 third quarter EPS results also reflected additional shares in the diluted earnings per share calculation due to the conversion rate adjustments made under our convertible notes in connection with our dividend strategy.

Our 2006 third quarter average fully diluted common share count includes an additional 0.4 million shares in connection with the payment of our dividends and their effect on our convertible debt versus the end of last year's third quarter. These additional shares had a $0.01 unfavorable impact on CTE's 2006 third quarter reported diluted earnings per share.

Our 2005 third quarter reported diluted earnings per share of $0.62 included a net favorable $0.02 effect due to certain access revenue and network cost settlements that were reflected in CTSI's results. When you take these items into account, the year-over-year EPS comparison between third quarter '06 and third quarter '05 would have been $0.66 versus $0.60, reflecting a 10% growth rate.

At this time, I'll turn the call over to Eileen to review operational results for the quarter.

Eileen Odum - *Commonwealth Telephone Enterprises, Inc. - EVP and COO*

Thank you, Don.

I will review our consolidated access line results, DSL performance, and consolidated revenues in the quarter.

We ended the 2006 third quarter with a consolidated total of 451,182 access lines in service. This reflects a net reduction of 12,309 access lines over the past year, or a 3% decline. Over the same period, we added a record 14,962 net new consolidated DSL subscribers, including outstanding third quarter results for our broadband DSL product.

On a consolidated basis, we added 3,973 net subscribers in the quarter, and ended the third quarter with 41,099 DSL subscribers, a growth rate of 57% versus the end of last year's third quarter. Demand for our DSL offering continues to be excellent.

Within our Commonwealth Telephone footprint, the percentage of households and business establishments that are DSL capable, and within the technology distance limitation, was 88% at the end of the third quarter.

Our penetration of CT's DSL addressable market grew to 22% at the end of the third quarter. Our ongoing DSL marketing initiatives and network investments position CTE to capitalize on the growing requests for broadband services in our territory as we continue to stay ahead of the strong marketplace demand.

At Commonwealth Telephone Company, access line activity in the quarter was generally consistent with our expectations. CT's access lines were down just over 4% when compared to the end of the year ago quarter, driven primarily by erosion of our additional line base.

While we are pleased with our ongoing broadband success, it has the expected cannibalizing effect on our residential additional line base, and on our epix dial-up subscriber base, as customers moved to fast internet access.

We're pleased to report that our net DSL subscriber gain at CT in the third quarter was over 55% greater than the additional line loss we experienced. At CT over the past year, we added a record 13,387 net new DSL subscribers, while over the same period CT's additional line base declined by just over 8,600 lines.

It's important to note that our primary residential lines declined 2% since the end of the 2005 third quarter, indicative of the fact that we continue to experience modest primary access line loss to either wireless substitutions or Voice over IP offerings.

Our residential additional line penetration rate was 31% at the end of the third quarter, down from 35% in the year ago quarter, and just below the 32% we reported to you in the 2006 first and second quarters.

As we experience ongoing migration from access lines to broadband connections, we remain highly focused on capturing our customers' fast internet access business, on revenue generation, and on overall financial performance at Commonwealth Telephone.

As reported in our earnings release this morning, CTSI's access lines at the end of the quarter grew 2% versus 2005 third quarter. The increase resulted from a solid 5% growth in general business lines over the past year, partially offset by a reduction in the number of lines in service to our ISP customer base.

Over the past four quarters, CTSI's ISP customer access line base declined by slightly less than 2,650 lines as the dial-up ISP business continues to wane. As a result of this trend, CTSI's business exposure to the ISP segment is diminishing over time. At CTSI, we remain focused on profitably retaining and building our base of non-ISP general business customers.

As for DSL at CTSI, CTSI had 4,997 DSL subscribers in service at the end of the 2006 third quarter, which reflected a growth rate of 46% versus the end of last year's third quarter. At the end of the quarter, CTSI's penetration of broadband addressable business establishments and households was 18%, up from 12% at the end of the year-ago quarter.

Turning to our revenue performance, we reported a consolidated revenue decline of less than 1% in the quarter versus last year's third quarter. However, when you adjust for the access revenue settlements included in CTSI's 2005 third quarter reported results, we achieved slightly positive consolidated revenue growth versus last year.

At CT, revenues grew slightly less than 1% in the quarter, driven primarily by increased local revenues in connection with the two rate increases we implemented since September 2005, and our strong DSL performance. At CTSI, after adjusting for the access revenue settlements, quarter over prior year same quarter revenues were down about 1% due substantially to lower revenues from our declining ISP customer base.

On a positive note, after adjusting for the access revenue settlements, CTSI's general business customer revenues grew nearly 6% versus a year ago, driven by the 5% access line growth and strong data revenue growth.

Our other segment, which include Commonwealth Communications and epix Internet Services, saw a revenue increase of 4% in the quarter versus last year. These operations together account for about 5% of our consolidated revenues.

In summary, our overall revenues in the quarter were on target, driven by CTE's performance and by CTSI's general business customers segment, with the expected offset from the decline in ISP revenues at CTSI.

I thank you and turn the call back to Mike.

Mike Mahoney - *Commonwealth Telephone Enterprises, Inc. - President and CEO*

Thanks, Eileen.

I will now update our 2006 year-end guidance. As you know from the earnings release this morning, we've provided a comparison of the 2006 consolidated guidance we issued on August 8th versus our updated guidance as of today. Today we are raising our operating income guidance slightly, in part to reflect lower than previously anticipated depreciation and amortization expense for the full year. Accordingly, our previous operating income guidance of $109 to $111 million is being raised to a new range of $111 to $113 million. Correspondingly, we are lowering our previous depreciation and amortization expense guidance of $45 to $46 million to a revised range of $43 to $44 million.

We are also lowering our reported full-year effective tax rate guidance to a revised range of 36% to 37% to reflect the favorable effect of the Commonwealth of Pennsylvania tax law change. However, it is important to note that we anticipate that our fourth quarter reported effective tax rate will come in within our previously communicated range of 38% to 39%.

We are introducing our fourth quarter EPS guidance today, and expect diluted earnings per share to be in the range of $0.62 to $0.64. And as I mentioned earlier, we are also raising our '06 full-year EPS guidance today, primarily to reflect our third quarter reported results, and we now expect our '06 full-year reported diluted earnings per share to be in the range of $3.14 to $3.16.

And please note that the 2006 fourth quarter and full-year EPS guidance does not reflect any conversion of notes or additional costs associated with our pending transaction with Citizens. However, our EPS guidance does include the effect on our convertible debt of an anticipated 2006 fourth quarter dividend subject to declaration by CTE's Board of Directors.

So to summarize, let me reiterate that I am pleased with the results CTE achieved in the third quarter. I look forward to continued successful execution of our plans as our fourth quarter progresses, and we remain confident with regard to achieving our guidance.

At this point, we will open the call up to your questions. I ask that you please provide your name and company affiliation at the outset of the question.

I'd like to ask our conference call moderator, Meredith, to review the procedures for the question-and-answer session. Meredith?

QUESTIONS AND ANSWERS

Operator

[OPERATOR INSTRUCTIONS.] Jonathan Chaplin with J.P. Morgan.

Jonathan Chaplin - *J.P.Morgan - Analyst*

Guys, great results. Just a quick question on access lines in DSL within the CT market. It looks like the majority of the line -- the acceleration of line loss came from second lines, and that primary lines were -- the losses were fairly consistent with where they were last quarter. I'm wondering if you could give us a quick update on the competitive dynamics? How much of it is to wireless substitution versus cable competition, and what you're seeing in terms of cable competition entering the market?

And then on DSL, the increase in net adds sequentially was impressive. I'm just wondering if you could give us some more detail in terms of what the driver was on the DSL front. That would be great. Thanks.

Mike Mahoney - *Commonwealth Telephone Enterprises, Inc. - President and CEO*

Okay, Jonathan, I'm going to take the first part and let Eileen talk to you about the net gain in DSL, since most of the efforts are driven by her team.

With respect to the primaries, you're exactly right. The primary line loss is fairly consistent with where we've been all year. We have not seen any uptick in competition from the cable industry in our service territory. We continue to think that the -- believe, rather, that the primary driver of our line loss is wireless, with some little of Voice over IP in some of our markets. But, we've not seen any real change in the competitive dynamic and that's why we think the results have been consistent.

Jonathan Chaplin - *J.P.Morgan - Analyst*

How many of your access lines have cable VoIP competition today?

Mike Mahoney - *Commonwealth Telephone Enterprises, Inc. - President and CEO*

I don't think we know that number, actually, to quantify. We think it's very small.

Eileen Odum - *Commonwealth Telephone Enterprises, Inc. - EVP and COO*

We only -- yes. This is Eileen. We only have one cable provider that offers voice services today. And they're really doing very little marketing. And it's a small part of our serving territory. None of the other cable providers currently provide a voice offering. So, VoIP would be coming in, as you would know, through the third parties, not directly by a cable provider.

Regarding DSL and the growth, we've been consistently throughout the last 2.5 years adding service territories within the Commonwealth Telephone footprint, making very consistent investments in our network to ensure that we have the broadest reach possible. We've also this year started our Chapter 30 related broadband build-out to the last edge areas of our network, where we have had households beyond the distance limitation. So, we've gotten some additional growth in that area.

We also in August introduced a 3 meg offering to limited sections of the Commonwealth Telephone network and we've gotten a very good response there, both from customers who've upgraded from 1.5 to 3 meg, as well as from some new customers. We've been pleased with the marketing success we've had in our last two campaigns, where we've been of course leading with our bundles, and had very positive results from those efforts. So, so far so good.

Operator

[OPERATOR INSTRUCTIONS.] Simon Flannery with Morgan Stanley.

Simon Flannery - *Morgan Stanley - Analyst*

Thank you. Good morning. Century Tel on their call talked a little bit about some regulatory adjustments that would benefit 2007 earnings. I was wondering if you had any visibility into any material changes in your regulatory -- or access revenues over the next 12 months that you can share with us at this point?

And also, capital spending remains within your guidance range. Are there any big buckets there that are changing that will either go away next year or new projects that might be additional next year? And if you can update us on long distance penetration and revenues. Thanks.

Mike Mahoney - *Commonwealth Telephone Enterprises, Inc. - President and CEO*

Sure, Simon. First of all, with respect to favorable regulatory rulings that would positively impact our access revenues in '07, no, I'm not aware of any rulings of that nature. I don't know what Century referred to on their call, but we're not experiencing anything like that.

In terms of our capital expenditure expectations for '07, they're still in line with our previous discussions. We have, as we've seen in '06, we're seeing a shift in our capital expenditures to be more data, DSL related as we try to match plant with demand and we expect that to continue. But, the trend in terms of absolute capital dollars will be consistent with where we are.

And with respect to long distance trends, I'm going to ask Eileen to comment on that.

Eileen Odum - *Commonwealth Telephone Enterprises, Inc. - EVP and COO*

Simon, at the end of the quarter for Commonwealth Telephone, our penetration for our long distance was 53% of our residential subscribers, households, and 33% of our business for a total of about 51%. And at CTSI, we have a much higher penetration because of our strategies there in terms of bundling and our overall penetration to our customers at CTSI at third quarter was 92%. So, we've continued to experience good growth quarter-over-quarter and certainly year-over-year in terms of our LD offering.

Operator

That concludes our question and answer session. I will now like to turn the call back to Mr. Mahoney. Please go ahead, sir.

Mike Mahoney - *Commonwealth Telephone Enterprises, Inc. - President and CEO*

Thank you, Meredith.

I just want to thank all of you for participating on the call today and for your continued interest in CTE. I look forward to reporting on our progress following the conclusion of our fourth quarter. Thanks for your time this morning and have a good day.

Operator

Ladies and gentlemen, that conclude today's conference call. Thank you for your participation. As a reminder, this call will be archived for 48 hours. Have a good day. You may disconnect at this time.

Exhibit D

FINAL TRANSCRIPT

Thomson StreetEvents

CZN - Citizens Communications Co. Merger & Acquisition Announcement

Event Date/Time: Sep. 18. 2006 / 9:00AM ET

CORPORATE PARTICIPANTS

Don Armour
Citizens Communications - VP Finance and Treasurer

Maggie Wilderotter
Citizens Communications - Chairman, CEO

Don Shassian
Citizens Communications - CFO

CONFERENCE CALL PARTICIPANTS

Simon Flannery
Morgan Stanley - Analyst

Frank Louthan
Raymond James - Analyst

Chris King
Steeple Nicholas - Analyst

Tom Sykes
Lehman Brothers - Analyst

Jason Armstrong
Goldman Sachs - Analyst

Phil Olson
UBS - Analyst

Anna Goshko
Banc of America Securities - Analyst

Jonathan Chaplin
JPMorgan - Analyst

Thomas Egan
JP Morgan - Analyst

Dean Asofti
Credit Suisse - Analyst

Boyd Eichner
BNT Paramount - Analyst

Demetri Triandifilia
Wachovia - Analyst

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Citizens Communications Company Conference Call. At this time, all participants have been placed in a listen-only mode. The floor will be open for your questions following the presentation.

Now I'd like to turn the call to Don Armor, Vice President, Finance and Treasurer at Citizens Communications.

Don Armour - *Citizens Communications - VP Finance and Treasurer*

Thank you [Jessica]. Good morning and thank you for joining us to discuss Citizens Communications acquisition of Commonwealth Enterprises. Hosting the call today will be Maggie Wilderotter, our Chairman and Chief Executive Officer, and Don Shassian, Chief Financial Officer.

During this call, we will be making certain forward-looking statements, particularly on matters relating to the acquisition and 2006 guidance. Please review the Safe Harbor language found in our press release, Investor presentation, and SEC filings.

Now I'll turn the call over to Maggie.

Maggie Wilderotter - *Citizens Communications - Chairman, CEO*

Thank you Don, and good morning everyone. We appreciate you joining us this morning. All of us at Citizens are very excited about the announcement we made today to acquire Commonwealth Telephone Enterprises.

I thought it would be good for me to start with the strategic rationale as to why this deal makes sense for us, so if you'd like to follow along on the webcast, I'm turn now to slide number 4. If you think about this transaction, first and foremost it gives us expansion in to rural markets, which is definitely our sweet spot with revenue upside opportunities.

In addition, it's free cash flow accretive in year 1, and there are substantial synergies that will be realized. And then last, and certainly not least, it maintains our strong balance sheet keeping our dividend intact, and also improving our payout ratio. If you think about the payout ratio guidance we've been giving, we've been saying when we become a full tax payer in 2009, our payout ration would be around 75%. With this transaction, that would bring that number down in 2009 to a little under 70%.

On page 5, we have listed the acquisition criteria we use as a Company when evaluating strategic opportunities. First and foremost, our rural profile, I think Commonwealth fits that quite well for us. They also have very fragmented cable competition. There are 20 cable operations that operate throughout their markets.

It's very attractive demographics; we've looked at the customer demographics and the business demographics in this market area, and the income growth there is comparable to national averages.

Very quality assets; Mike Mahoney and his team have done a great job of keeping their infrastructure current with an excellent quality of service.

There is also upside for organic growth and considerable opportunities that I'm going to talk a little bit more about, and we can leverage our scale economies into those markets. We believe that there'll be at least $30 million in annual savings through those synergies. The deal, as I mentioned is free cash flow accretive in the first year, and of course, it improves our dividend payout ratio.

Moving on to slide 6 just gives you a sense for Citizens' current operations; as you can see through the end of the second quarter, we operate in 23 states, with a little over 2.1 access lines. We have 350,000 high-speed Internet customers, 5,434 employees; we cover quite a large territory, and we have access lines per square mile at 16.

We do operate as 4 regional organizations; the West, Central, East, and then Rochester also operates as a stand-alone region.

Looking to page 7; this gives you a sense of the Pennsylvania operations that Commonwealth has as well as the couple of markets that we already have in Pennsylvania. Just to let you know, we do have several markets; the largest markets for us where we operate are New Holland and Leola, so we are used to doing business in Pennsylvania, and have done business there for a long time.

Commonwealth's profile, again they have 454,000 access lines, 37,000 high-speed Internet customers, a little over 1,000 employees, and their primary access lines per square mile is at 52.

I did want to mention that in addition to the telephone service they offer in Pennsylvania, they've also been operating a CLEC as an edge-out strategy. We sort of look at this CLEC as really an extension of the ILEC business. It's a way for them to actually have contiguous operations for businesses to their current ILEC footprint, and it also gives them a sense to have businesses in their footprint have reached into some of the major cities in Pennsylvania.

But the CLEC is a very small part of the Commonwealth footprint. It only represents about 28% of their total revenues, and 16% of their EBITDA. And when you think about combining Commonwealth with Citizens, those numbers change dramatically where the CLEC would only be about 4% of combined Company revenue and a little bit less than 2% of total EBITDA.

If you move on to the next page, on page 8, I thought I would give you a sense of some of the revenue upside that we really see taking place once this transaction is completed. If you look at the first chart on the left-hand side, were showing the annualized ILEC revenue per access line. Commonwealth's today is $852 per line, and at Citizens we're operating at about $873. These numbers both exclude directory so we could give you an apples-to-apples comparison.

If you go over to the right-hand side, you can see the high-speed Internet penetration. Commonwealth is today at about 12%; Citizens is at 16%. Long-distance penetration on the bottom left-hand side, Commonwealth is at 34% penetration, where Citizens is at 64% penetration.

And then finally, if you go over to the bottom right-hand side in looking at the Q2 bundles penetration, and when you think about bundles, we're really looking at packages that are really local features and long-distance combined, Commonwealth is at 8% and Citizens for that same package is at 18%. So basically we see that there is a lot of upside the current market of Commonwealth to really drive penetration in market share of the lead products of that they already have in the market.

Moving on to slide 9, some of the strategies that we have for this property would be to re-brand the entire operations to Frontier as soon as possible. We believe with single brand, we can increase visibility. We will be providing customer focus revenue generating solutions throughout the market as well to continue to drive the product penetration as I just talked about. But we also think that there's great efficiency in value in offering bundled services offerings, whether it's double plays or triple plays.

We will also introduce customer contracts. Today, Commonwealth does not have any of their customers, even on bundles, with contractual commitments. Citizens has over 35% of our customer base already on either 1 or 2-year contracts, and we are aggressively driving that number up higher. And we believe that by putting contracts in place with some of the great offers that we have for customers we'll be able to reduce churn and enhance loyalty.

We will also be introducing some of the enhanced value-added products that we have throughout Citizens' footprint today, including our Ask.com co-branded portal, our wireless modem for every high-speed Internet installation we do today, we offer a wireless modem to the customer, an the customer actually pays us a monthly fee somewhere between $3 and $5, depending on the bundled offer that they take.

We will be introducing ESPN 360 to add more value to our high-speed Internet product, just like we have throughout Citizens, and last but certainly not least our Frontier secure connection, which is our anti-spyware, anti-virus software package that is also free to our bundled service customers with high-speed Internet.

We believe that the Pennsylvania properties for Commonwealth, once they're part of Citizens will also enjoy what we call our National Campaign Air Cover, where we'll be putting campaigns and promotions in place nationwide, and they'll have the opportunity to also take advantage of that.

Last but not least, we will continue to support the CLED edge-up strategy; we will integrate marketing in order to get economies to scale there. We will continue to use the direct sales team currently in place in Commonwealth, but we will also combine the management and the operations of that CLEC with the ILEC again for economy to scale.

With that, I'd like to turn this over to Don Shassian and to take you through those financial parts of the deal.

Don Shassian - *Citizens Communications - CFO*

Thank you Maggie, and good morning everyone. On slide 10, let me walk through the highlights in the transaction. A value each Commonwealth shareholder will receive for each share, a unit comprised of cash and stock at our closing rice on Friday would equate to $41.72. They'll be receiving $31.31 in cash and shares, a fixed exchange ratio .768. As of Friday, the value for that is $10.41. Total transaction value of $1.16 billion; I will walk you through how we get to that calculation in a few minutes.

The price represents a premium to Commonwealth stock as of Friday of about 8% and bout 17% when compare to where their price was prior to their announcement of hiring an advisor to pursue strategic opportunities. The multiple is 6.76 times EBITDA; I will again walk you through that in a few minutes as well, without synergies. Including synergies, it's about 5.75 times. Their shareholders will own about 6% of the combined enterprise. The transaction is taxable. Our financing, this transaction does not have any financing contingency. We have a bridge facility from Citigroup for $990 million. That gives the seller confidence in our ability to finance. The bridge also gives us flexibility on when we go to the public debt markets.

Approvals; Commonwealth needs to go to their shareholders, which we hope will be in December or January timeframe. We need standard approvals from the Federal Communications Commission, HSR, and the Pennsylvania State PUC. The last one, obviously, is a longer timeframe, and we expect closing to be in mid-2007.

On slide 11, this simply lays out the sources and uses assuming the purchase price at $41.72, as I mentioned, and there is common stock outstanding that needs to be exchanged for the cash in stock. There is a cash-out of the employee shares. The do have a convertible bond, which we will be able to convert and we expect the holders to convert in cash and stock. There is a small amount of debt they have with one Banco Bank, and then we have some year-1 integration costs, transaction fees, some other items. And we'll be financing that with the issuance of equity, at the bottom, about 20.5 million shares; 16 million of those are on the common, but 4.5 million are on the convert. The debt issuance of $990 million, an there is some after-tax patronage dividends from the small bank loan they have to cover the total sources, and there's some cash on the balance sheet that Commonwealth has and will be utilizing as well.

If you go to page 12, as Maggie mentioned this is a strategic acquisition; we view it as an extension acquisition.

This slide shows on the left-hand side the proportion of Commonwealth lines to ours. On a pro forma basis, we'll have lines about 2.6 million; Commonwealth lines will represent 17%. On the right-hand side, using these last 12-months' revenue, pro forma basis about $2.4 billion in revenue and Commonwealth will represent approximately 14%.

Going to slide 13, the synergies; there are 3 main components on this slide. The top half is we're looking at annual cash synergies of $30 million; identifying corporate overhead and support functions, there's a number of third-party costs. These are all in the duplication effort when you look at combining these 2 enterprises.

There's also the opportunity to leverage our common systems that we have here that are leverageable in IT; software license, billing, a number of different areas in our operation of third-party operating fees. The $30 million we feel we'll be able to achieve about a third over 3 years, or potentially earlier. We feel very comfortable based on our detailed due diligence that we performed by our personnel, who will be responsible for the implementation, these cash savings are real, and they will be achieved.

The second on this page is a non-cash compensation cost. It's important to point out in Commonwealth's reported earnings, they have non-cash compensation costs in EBITDA of about $10 million, identifying the expense on the issuance of restricted stock, stock option expense as well as some amortization of expense from the special dividend in 2005. That is an item that you'll see on top of the $30 million; you'll see as we go forward as to how we analyze their business; I'll cover that in a couple of slides, but it's an important item for you to notice.

Last on the page, the 1-time integration cost we're estimating at $35 million primarily in severance; IT conversion costs this represents approximately a 1-year payback and we feel very comfortable in our ability to achieve the savings and the implementation costs.

On slide 14, this is a snapshot and it is, if I could use the term, an add-up between the 2; it is before synergies. The left-hand side are our numbers as of June 30; the middle column is Commonwealth as of June 30; and simply add them up if you would to get the pro forma without synergies. You can see the axis lines; the last 12 months of revenue, the EBITDA, our CapEx and theirs, our free cash flow guidance and theirs. And the important aspect on the free cash flow is accretive obviously with dollar amounts, but if you look at the shareholders, the number of shares outstanding, it is also free cash flow accretive per share in year 1 without synergies. Putting the synergies on top makes it even stronger for us.

Our implied dividend ratio without synergies improves; obviously, with synergies improves even more so, and we're taking on the additional debt, you can see that our leverage goes from 3.2 only up slightly to 3.5, but still puts our balance sheet in a position that we feel very comfortable with as we've communicated in the past. We like having solid balance sheet and caring for all of our stakeholders. And we think that's quite reasonable.

We have contacted and have had discussions with the rating agencies last night. They are obviously evaluating our information that we have sent them, and we look forward to having continuing discussions with them.

On page 15, this is simply to go back to some of the comments earlier; I want to walk you through how we come up with the calculation of $1.158 billion, at the top laid out the equity value and the convertible and other debt, and you'll those numbers tied to the earlier part of this presentation. How we get to the 6.7 6-times without the synergies at the bottom is taking management's guidance on EBITDA of 157, adding back the non-cash compensation expense of 9.8, and then also adding in something that they have recorded below the line of EBITDA. Their directory operation is a joint venture; they account for it on an equity basis of income, so the equity income is recorded below EBITDA. There are some other fees in connection with directories operation also below EBITDA, all cash; we've reflected those above because just for a comparable basis, but it is cash. So we're putting them above to get to an adjusted number of 171, and then if you put the cash synergies on top to get you 201, and that's the basis for the calculation that we used to come to the 6.76 calculation.

Slide 16; well, just a couple of other pieces of financial information wanted to cover. Our guidance for this year, I'm simply confirming our pre-cash flow guidance of $525 million is still intact. Looking at that, our capital expenditures also 270 to 280; we have the announced $300 million share repurchase plan that we had been pursuing. We had $135 million of that completed as of June 30. As a result of our performing our due diligence on this transaction and now announcing it, we are prohibited from repurchasing our shares until we close. So we are on a hiatus on a share repurchase program; however, we will be going back to complete that once this transaction is complete so you would anticipate seeing that our cash balances will be increasing over the next several months as we continue to hold that and we'll execute at the final closing.

Lastly, our $150 debt reduction plan that we had authorized, we are going to look at hat in connection with our transaction financing and we will continue to pursue that in that mix.

With that, let me pass back to Maggie.

Maggie Wilderotter - *Citizens Communications - Chairman, CEO*

Thanks Don; so basically, on slide 18, which is just a summary I wanted to take this back up a level to an overall Citizens Communications focus. We continue to be in a strong competitive position, and we do believe that this investment in Commonwealth strengthens that we are customer focused; we have very high satisfaction in our markets and have said so today, and we have strong product penetrations that we think we can leverage into these markets.

Our management team delivers results. We are consistent in our performance, and we also have a lot of depth in our bench strength here at Citizens. I'll give you a good example; we will be managing this business by promoting one of our Vice Presidents, Ken, to move down to Pennsylvania to run the combined Citizens and Commonwealth properties. Ken is a veteran with Citizens; actually he used to work for Commonwealth many years and grew up in Pennsylvania, and he has run our Tennessee properties, and is currently running all of sales and marketing for our East Region. So it's great to have that type of capability in order to manage this property in the long-run internally. We will also have John Lass, who is our Senior VP and GM of the Central Region have overall responsibility for Pennsylvania in addition to the other states that he manages.

We've demonstrated our abilit8y to deliver and sell products and services; we have been consistent in 2005 with product growth year-over-year; also the same thing through the second quarter of this year, and we have an ability to integrate new properties. We've done many acquisitions in the past, and we actually have the same integration leadership in lead teams here in the Company, so we feel very comfortable that the integration of Commonwealth into Citizens will go smoothly, and we will get the expected synergies. Jake Casey, who's our Executive Vice President, will be leading he integration team; Jake has led many acquisition integrations for Citizens in the past.

Last but not least, we will focus on shareholder value, as we've always done. The free cash flow accretion, even without synergies, was important to know that we were creating value immediately in this transaction. We will maintain and improve our payout ratio through this transaction. We are also not leveraging up in order to do that, so we're staying at a moderate leverage environment, so we have a strong balance sheet that also provides us with financial flexibility in the long run, and we believe through the bench strength and the capabilities that we have as a Company to perform that we also have the operational acumen to handle this transaction, and to integrate it into our business.

So with that, I'm going to turn this back over for questions and answers.

QUESTIONS AND ANSWERS

Operator

[OPERATOR INSTRUCTIONS].

Simon Flannery, Morgan Stanley.

Simon Flannery - *Morgan Stanley - Analyst*

Okay, thank you, good morning; I wonder Maggie if you could just give us a little bit of the background to the deal. You've obviously been, for a couple of years now, following the return of cost to shareholders through the dividend and the buyback. What happened here? Did Commonwealth approach you? Had you been looking at a number of acquisitions and this came up? Could you give us the background?

And also, how you thought about giving cash versus giving what is the various puts and takes there?

And on the leverage Don, 3.5 is -- have you sort of communicated that that's where it's going to be over time, or would you like to get it back down to the low 3s?

Thanks a lot.

Maggie Wilderotter - *Citizens Communications - Chairman, CEO*

Hi Simon, thanks for your questions.

With regard to the overall rationale, I think as we've talked about over the last couple of years, we've really prioritized our business focus on the markets where we do business and to deliver operational execution in those markets.

But we've also said that we would be situational and opportunistic if we came across an acquisition opportunity that would fit our criteria and our profile for an acquisition, and we have a pretty high standard. In looking at Commonwealth, when Commonwealth decided that they wanted to look at some alternatives, we felt that they were the type of company that would be very strategic for us to look at seriously. As I mentioned earlier, I think that Mike Mahoney and his team have done a great job of running that business and growing that business over the years. They have strong relationships in their communities; they have a great reputation; they deliver good service. And we felt that it was a sweet spot for us to really take a look at it.

We also felt, from a value perspective because we could leverage our infrastructure and our scale, that we would be able to get some substantial synergies out of the combination. I think that overall was really the rationale. I think we would continue to always be opportunistic in looking at what happens in the industry and does it make sense for our Company and our shareholders.

The combination of cash and stock I think was really a back and forth based upon what was appropriate for us from a balance sheet perspective as well as what was appropriate for their shareholders. We consider our stock very valuable with a dollar dividend, so we felt that that provides upside for their shareholders to have some ownership in the Company, but we also had the issue of what's the right combination, and this is what worked for them and worked for us. Don?

Don Shassian - *Citizens Communications - CFO*

I'd also just add that Maggie, that our competitive bidding situation as we understood it, and the Commonwealth shareholders management I believe wanted to make sure there was cash certainty for their shareholders, but we had to balance that competitive dynamics with our view of what's important for all of our stakeholders, and we felt that the balance of 75/25 was appropriate. We were not willing to leverage up any further than that. We felt that was a good position to be in.

In terms of our leverage Simon, 3.5 we would like to be able to take it down a little bit. We think basic operations will help us do that, and as we have some maturities that are coming up over the next couple of years, we think we'll be able to get it down a little bit lower to get us back to where we're [2.33] over the next year or so. We feel that after we close, we'll have those opportunities.

Operator

Frank Louthan, Raymond James.

Frank Louthan - *Raymond James - Analyst*

Good morning; just quick of the regulations with Commonwealth's NEC-average casual regulation, give us an idea of how that will be impacted if at all with the transaction and how you'll operate that.

And can you give us any idea of where most of the synergies will come from, some of the other business on their income statement a little bit of a drag; do you think you'll be getting more of the synergies from that area or more of it comes from CT or CTSI? If you can give u a little bit more color on that, that would be great. Thanks.

Don Shassian - *Citizens Communications - CFO*

Thanks Frank, good morning; we don't expect any change in their regulatory framework. They're an average-schedule company; it will not change, and we don't really see any impact whatsoever. We'll be operating this as a separate stand-alone legal entity, and we will respect the rules and regulations of Pennsylvania as well as what they're filing with the FCC. We do not see any negative impact. We're positive for that matter; I mean we just think they'll continue to operate as is on the regulatory framework.

Maggie Wilderotter - *Citizens Communications - Chairman, CEO*

Hi Frank; it's Maggie. In regard to the synergies that you brought up, I do think that in addition to the elimination of corporate overhead and the fact that Commonwealth operates as a public company today, there's a number of synergies that we can get just overall from a corporation perspective.

But we also believe that there are opportunities with some of the other businesses that they have in terms of us getting some fairly major synergies out of those entities as well that you pointed out. So those are in addition to the system synergies that we really do believe can drive through automation a number of other synergies that we could realize that is not headcount related.

Frank Louthan - *Raymond James - Analyst*

Okay great; and are you able to give us any update where you were with the buyback quarter-to-date? I know what you said as of June 30; but is there any way you could give us an update? Were you repurchasing shares up until you got involved with the transaction?

Don Shassian - *Citizens Communications - CFO*

Frank I'm not able to give you an update on that at this point in time, but we were really very, very quiet during the quarter. As I mentioned in our earnings call for Q2 we had slowed down our repurchase activity in Q2 because we wanted to make sure that the cash was in hand from Electric Light Wave, which we received the end of July. So I mean we were very, very light in the third quarter.

Frank Louthan - *Raymond James - Analyst*

Would you consider shifting any of your cash return to shareholders more onto the debt side over the next 9 months? Or do you think, you said you'll continue to buyback program once it's finished, but is there any, what criteria might change you to shift more to paying down debt and less on completing the buyback?

Don Shassian - *Citizens Communications - CFO*

I don't think we have any restrictions; we've got a lot of flexibility. We already have right now on our balance sheet in excess of $400 million, and that will continue to grow as our operation generates cash, and we'll get back into the stock repurchase program as soon as we can.

The debt repayment, we will just look at as part of our financing that we're going to do in the bond markets. As you know we do have a debt coming due in 2008. We are looking at ways of maybe refinancing, pushing some of that out, and all of that comes into the mix of how we evaluate the financing of this transaction and just continue to maintain and build upon a very strong balance sheet.

Maggie Wilderotter - *Citizens Communications - Chairman, CEO*

I'll just add that I believe that the announcements that we've made on retirement, we're going to stay the course on that in conjunction with this transaction. But we are, we still want to get back into the market share repurchases. It's apriority for us; it's a priority for the Board, and you will see us doing that once this transaction closes and we can legally get back in and start buying back stock.

Frank Louthan - *Raymond James - Analyst*

Great, that's very helpful; thanks.

Operator

Chris King, [Steeple Nicholas].

Chris King - *Steeple Nicholas - Analyst*

Good morning, and congratulations; one quick question I had goes back to your NOL carry-forward balance and how this deal may impact that, if you've had a chance to take a look at that yet. I know you were to begin some cash taxes as early as next year, and obviously become a full tax payer by 2009. Does this deal create any NOL carry forwards going into the future? Obviously, Commonwealth was full-cash tax payer.

Don Shassian - *Citizens Communications - CFO*

Good question; it really doesn't change. We have federal NOLs; we have state NOLs; we have some A&T tax credit carry forwards. There is no significant change that is occurring that both our federal NOLs will be utilized in '06 and '07 assuming a mid-2007 closing. Our tax benefits, if you would, the latter part of '07 and '08 are more on the safe side that A&T tax credit carry forwards, so they really don't impact. So there's no additional NOLs. We see the forecast staying as is. No real acceleration and no real benefits.

Operator

Tom [Sykes], Lehman Brothers.

Tom Sykes - *Lehman Brothers - Analyst*

Thanks for taking the question; how do you view the $30 million cash synergy number that you're putting out there? Do you do that conservative, aggressive, just right? I mean I ask because it seems like $30 million on a business that generates $155 million in EBITDA has already 65% EBITDA margins in the ILEC and has second line penetration north of 25% seems kind of aggressive, and I wondered if you could kind of give us your, how comfortable you feel in that number.

Maggie Wilderotter - *Citizens Communications - Chairman, CEO*

Tom, I feel very comfortable in that number, right? I think there might be even more upside as we get into this. We sort of look at this as kind of two-thirds wage-related and one-third systems related. And we've done some pretty good due diligence on the overall company itself, and we feel very comfortable that this number is achievable.

Don Shassian - *Citizens Communications - CFO*

And if I could add on to give you a little big of context Tom, our due diligence was performed by not a small team within Citizens. We had all of our functional heads and their departments involved in analyzing information having discussions with Commonwealth in developing plans. So essentially right now, we almost have, we have an operating plan in place, and our functional heads have signed off on what can be achieved, and we're going to be held accountable for those, in implementing those. We feel very comfortable this is not a stretch by any stretch of the imagination. We feel very good that it's going to happen.

Tom Sykes - *Lehman Brothers - Analyst*

Okay great, thank you.

Operator

Jason Armstrong, Goldman Sachs.

Jason Armstrong - *Goldman Sachs - Analyst*

Great, thanks, good morning and congratulations. I'd like to ask one more regulatory question; maybe a bit broader and not tied specifically to the transaction. CenturyTel, another company that was viewed as a likely bidder, has recently talked about being hesitant to do any type of deal right now just because of the regulatory framework and sort of the uncertainty surrounding USF and Inter-carrier compensation reform. I was just wondering if you guys can sort of go through what makes you comfortable with this risk, an how'd you get there on the deal, especially given the ratio of cash equity that's involved here? Thanks.

Maggie Wilderotter - *Citizens Communications - Chairman, CEO*

Well I'll start, and Don you can jump in too on this. We look at the regulatory environment as an environment that affects not just what we would do with acquisitions Jason, as you know, but the overall company. We do know that there's a lot going on in Washington with USF and Inter-carrier. We don't see, actually foresee any real changes that would be negative happening in the next several years. We believe that those areas have lots of opportunity to fix, and we think that any fix would be positive. So we didn't really feel that the uncertainty around some of these national issues was going to be an issue for us.

The real regulatory issue for us is really a state PUC approval process in Pennsylvania. The good news is Commonwealth has a relationship with the PUC; they've operated in this state for a long time with a good reputation. We have as well, and we have strong relationships and have done the same, so we don't really look at this as a big regulatory risk for the Company.

Don Shassian - *Citizens Communications - CFO*

Jason, let me also just mention the, on the federal side Commonwealth does not have a tremendous amount of exposure as we see it. They are not a recipient of the federal high-cost fund, so tat exposure does not exist. When we look at all the other elements that come through the federal side, and I think for Commonwealth, the Interstate Common Loop is probably a piece